GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2160
ANSWERED ON:14.03.2008
SOCIAL BANKING
Manoj Dr. K.S.

Will the Minister of FINANCE be pleased to state:

(a) the details of the concept of social banking;

(b) whether the Government is considering to provide the concept of social banking; and

(c) if so, the measures taken by the Government to promote it?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : The Reserve Bank has taken a number of initiatives for bringing the financially excluded population into the formal financial system. The major initiatives include, advising banks to make available a basic banking 'no-frills' account with low or nil minimum balances, simplified know your customer (KYC) procedure for opening accounts, introduction of a General Purpose Credit Card (GCC) facility up to Rs. 25,000/- at rural and semi-urban braches of banks, advising the State Level Bankers Committee (SLBC) to identify one district for 100 % financial inclusion, etc. Further, in certain less developed states, such as those in North Eastern Region, Bihar, Chhatisgarh and Uttarakhand, Working Groups appointed by the Reserve Bank have made specific recommendations for financial inclusion, strengthening financial institutions and improving currency and payments systems.

Besides, the Rangarajan Committee on Financial Inclusion has also submitted its final report to Government of India on 4th January, 2008. Meanwhile, based on the recommendations for the interim report of this Committee, the Government of India (GoI) has already taken a number of steps for implementation of this report. One of the important steps is the decision to constitute the Financial Inclusion Fund (FIF) for meeting the cost of promotional and developmental interventions and the Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption, with an overall corpus of Rs. 500 crore each, with initial funding to be contributed by the Central Government, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD).